



Nordea Hearing Aid Seminar

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Copenhagen, May 30, 2011



Agenda

- Strategy
- ReSound Alera
- Q1 performance
- Financial Outlook & Targets



GN ReSound Must-Win Battles

Gain Market Share

- Comprehensive ReSound Alera™ market adoption
- Leverage attractive partner strategy and exploit Beltone asset

Improve profitability

- Win top-end share

Long-term performance

- Retain innovative leadership





Distribution and Retail Strategy

- Europe

Key Partner Strategy

- Position GN ReSound as a preferred partner for retailers
- Gain competitive edge as competitors purchase and compete with retailers
- Focus on the core business – being a top-end hearing aid manufacturer





Distribution and Retail Strategy

- North America

Exploiting Beltone Asset

- GN ReSound owns one of the biggest and most well-known chains in the US, Beltone
- GN ReSound continuously assess new opportunities to expand the Beltone network
- The ReSound brand is utilized for wholesale to the open market and for partnerships with key accounts





Distribution and Retail Strategy

- Rest of world

Seeking Opportunities

- GN ReSound has a strong market position in APAC and Emerging Markets and targets further expansion
- Insufficient infrastructure is a key challenge in Emerging Markets
- The long-term ambition is to establish an attractive environment for GN ReSound as a manufacturer with limited retail ownership





Market Development Estimations

2010

- Global unit growth estimated to 5%
- Pressure on ASP intensified in some European tender markets
- The market growth in value estimated to 2-4%

Q1 2011

- Market unit growth estimation of around 4-5%
 - The US market grew around 5% in units
- Intense pressure on ASPs in European tender markets has continued in the first quarter of 2011

Growth expectations

Expected unit growth

2011: 5-6%

Long-term: 5-6% p.a.

Expected value growth

2011: 2-4%

Long-term: 3-5% p.a.

Growth drivers

- Aging population
- Improving adoption rates
- Improving binaural fitting
- Additional replacement cycles
- Higher prevalence (young generation)



Main Market Drivers and Challenges

Key Value Drivers

- Solid long-term market growth in an industry with attractive margins
- Continued innovation resulting in new and groundbreaking products

Key Challenges

- Pressure on average prices
- Shorter product life cycles, demanding more effective R&D



Agenda

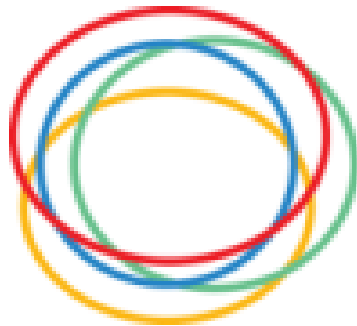
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Groundbreaking technology - ReSound Alera™



Breakthrough technology
2.4 GHZ wireless connection



Sound quality better than ever
Surround Sound by ReSound

by ReSound



ReSound Alera™ Wave 1 and Wave 2

Wave 1 – Launched Q2/Q3 2010

Receiver-in-the-ear



Accessories



Wave 2 – Launched Q1 2011

Fusion BTE



Custom Remote Mic





ReSound Alera™ Wave 3

- To be launched Q3 2011

Mini BTE



Custom products



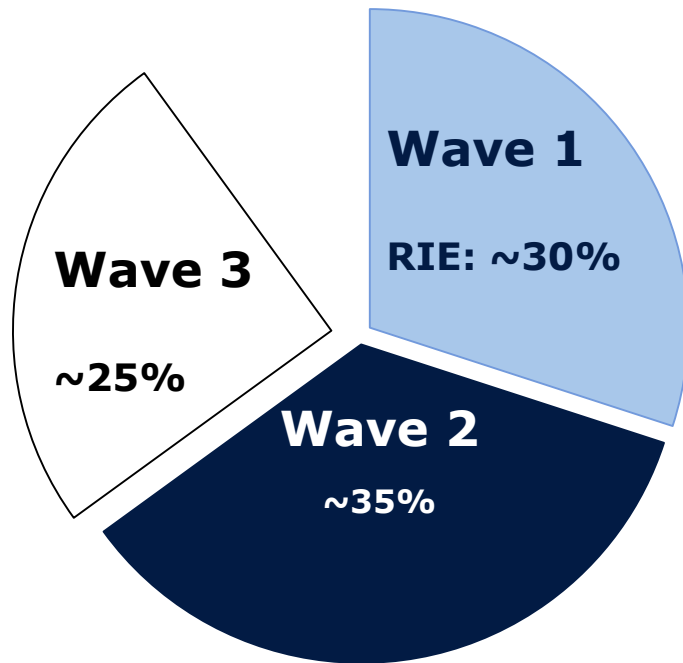
ReSound Unite mini microphone





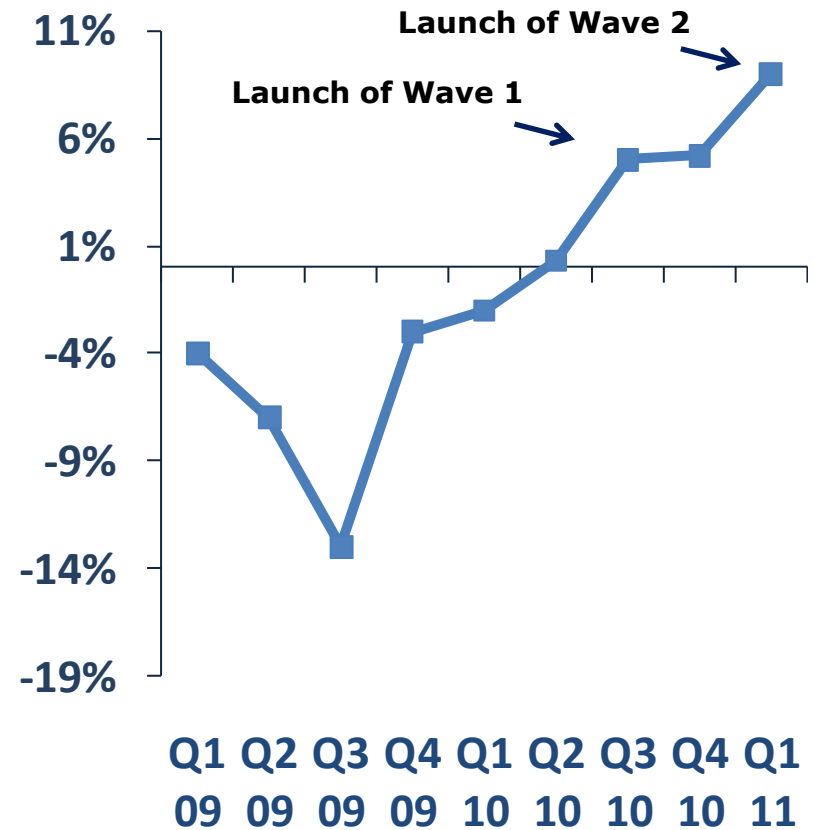
ReSound Alera™ - Soon a Complete Family

Market addressed by ReSound Alera™



Based on current form factor preferences

GN ReSound organic growth





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GN ReSound – Key Financials

- 9% organic growth in Q1 2011 driven by a strong 23% growth in North America

DKK million	Q1 2010	Q2 2010	Q3 2010	Q4 2010	FY 2010	Q1 2011
Revenue	726	789	794	855	3,164	820
Organic growth	(2)%	0%	5%	5%	2%	9%
Gross margin	59%	59%	60%	61%	60%	60%
SG&A, R&D etc.	(359)	(399)	(406)	(390)	(1,554)	(442)
EBITA	70	63	68	128	329	52
EBITA margin	9.6%	8.0%	8.6%	15.0%	10.4%	6.3%
Free cash flow excl. tax & financials	26	(8)	(6)	57	69	(47)

- Strongest quarterly organic growth in more than 2 years
- As expected margins were relatively soft in Q1
- Cash flow was negatively affected by a temporary increase in inventories



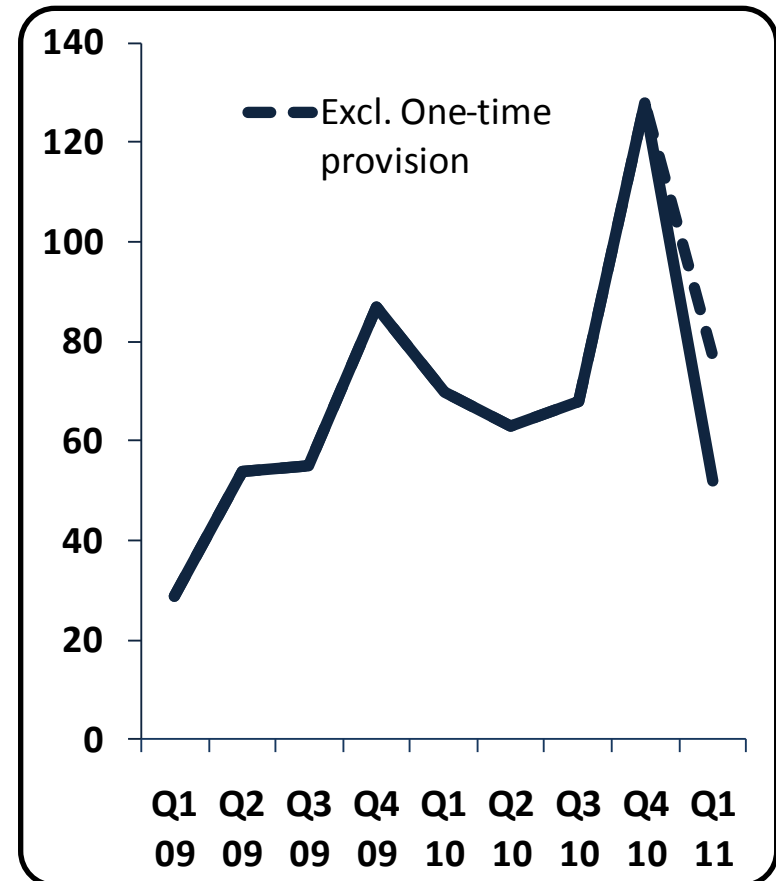
Temporary Soft Margins in Q1

Key comments

EBITA was affected by:

- One-time duty/tax provision of DKK 25 million
- Launch costs related to ReSound Alera™ Wave 2
- Other growth related initiatives, including R&D

EBITA (DKK million)

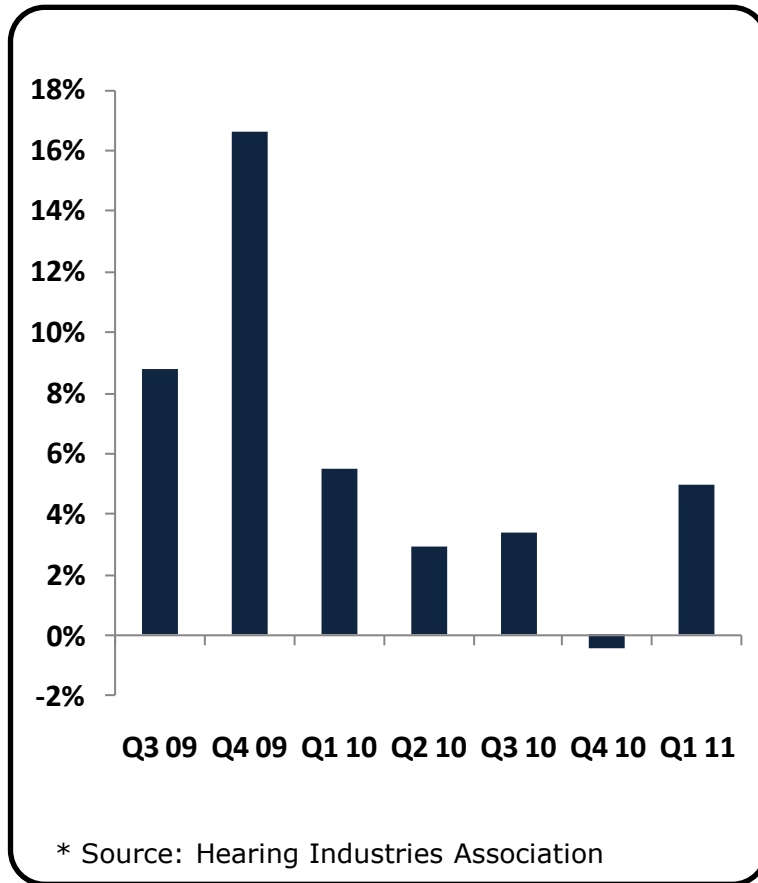




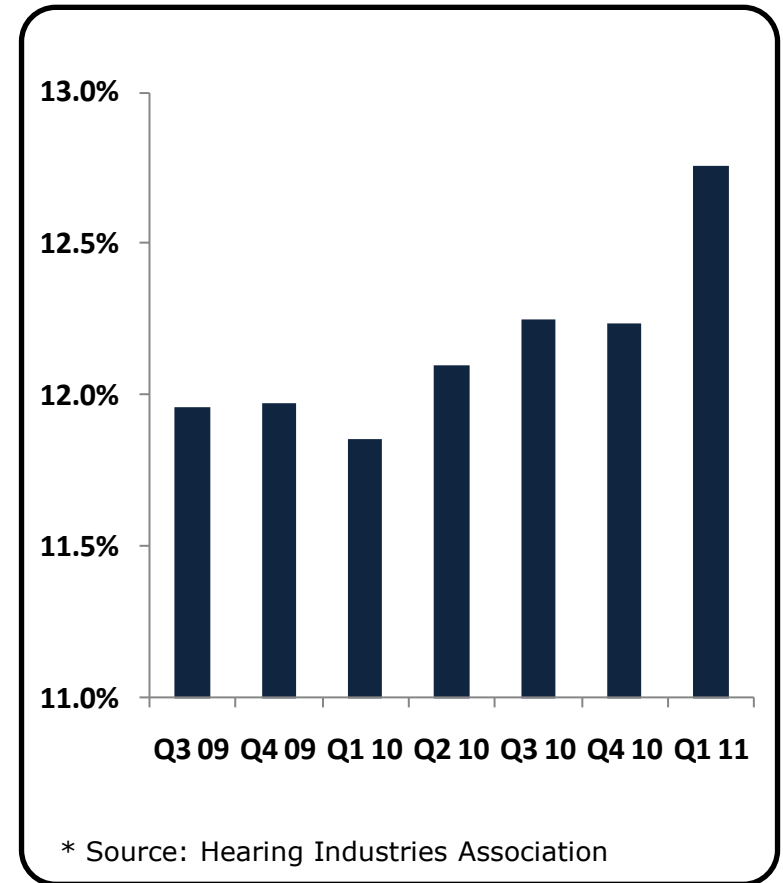
Gaining Market Share in the US

- And the US market grew at healthy rates in Q1

US unit market growth



GN ReSound US market share in units



23% organic Q1 growth in GN ReSound North America



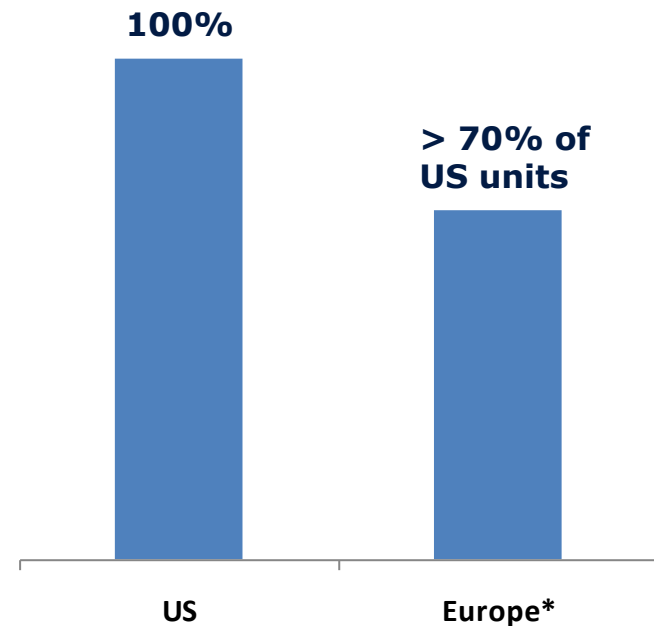
Encouraging Performance in Europe

Key comments

Disregarding tender markets, Germany, and France:

- Europe organic growth was solid, driven by ReSound Alera™
- Solid ReSound Alera™ volumes in Europe compared to the US market

Accumulated ReSound Alera™ units since launch



*Excluding tender markets, Germany, and France

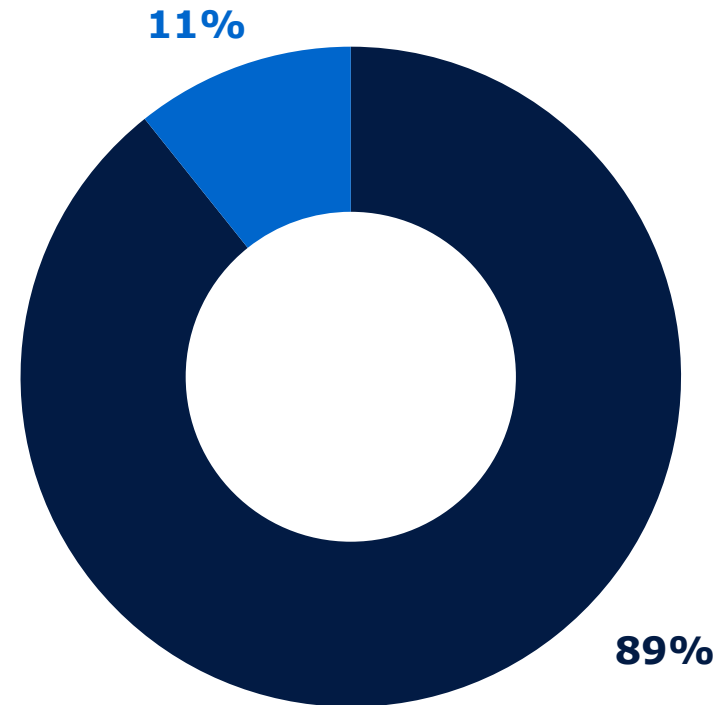


Strong Top-line Momentum

- Driven by successful product launches for both Hearing Instruments and Otometrics

Revenue split on business areas

Q1 2011	Organic growth
Hearing Instruments	9%
Otometrics	9%
GN ReSound	9%



■ Hearing Instruments ■ Otometrics



Otometrics Product Launches

- The new AURICAL underpins Otometrics' strong market position within hearing instrument fitting

Key comments

- Otometrics has conducted a comprehensive and successful turnaround
- Average organic growth in the last four quarters is 12%
- Revenue growth is driven by successful product launches
- Growth is broadly founded with strong growth in all three regions

Recent product launches

The new AURICAL

- Audiometer
- Wireless REM unit
- Loudspeaker
- HIT BOX
- OTOsuite Software



MADSEN AccuScreen

- Reliable and fast
- Touch screen display
- Docking station
- Small and lightweight
- Detailed test and result screens





Supply Chain Transformation

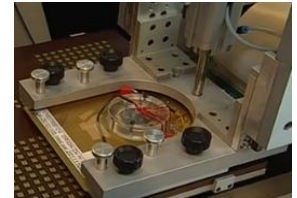
- Well on track

- The Supply Chain Transformation is on track
- The first few countries have implemented the new model
- As previously communicated, the EBITA impact for the calendar year 2011 is skewed towards the end of the year
- Net EBITA impact in Q1 was limited
- The expected net EBITA impact is unchanged:
 - 2011: DKK 75 million
 - Run rate end 2011: up to DKK 200 million

The transformation project

Manufacturing

- Consolidate 24 sites
- Simplify
- Enhance service



Warehousing

- Consolidate 24 sites
- Simplify
- Direct ship



Service & Repairs

- Establish swap pool
- Consolidate sites
- Enhance service





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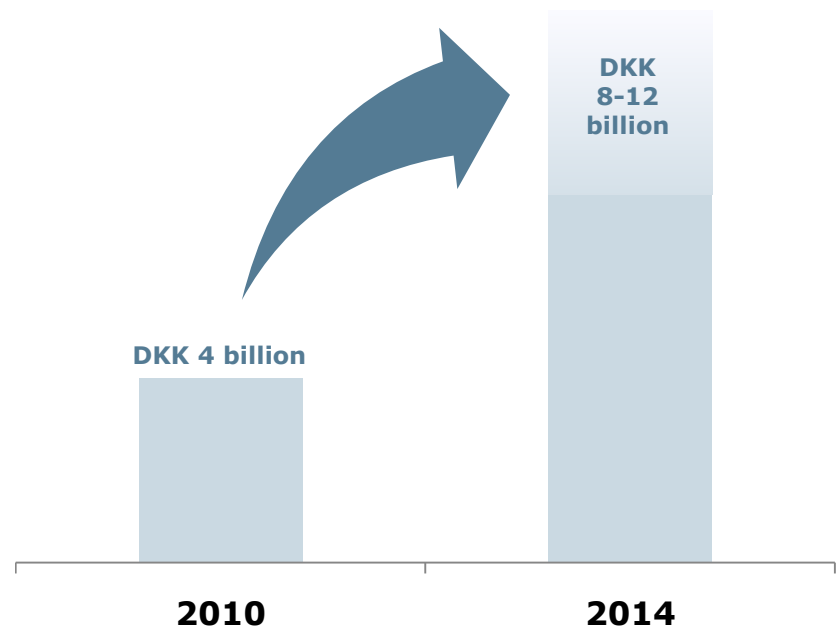
CC&O Market Potential

- UC growth outlook remains attractive. In connection with their latest interim report, Microsoft stated that its UC solution grew 30% and that they are seeing "tremendous reception to the product"
- The UC growth is an immense opportunity for headset suppliers
- Due to the projected market growth rate, new entrants to the market are expected – although partly mitigated by barriers to entry related to demanding requirements within software and sound performance
- For the 2013 targets, GN has assumed a decrease in the CC&O market share and a gross margin decrease of 10%-points compared to the current level on large UC deals. Stronger growth in CC&O Headsets than Mobile Headsets will support margins

Estimated CC&O market in 2014

Key assumptions:

- 30-45 million UC users
- 60-70% headset attachment rate
- Moderate ASP pressure
- 3-4% growth p.a. in the traditional CC&O market
- 2-3 years life-time for a headset





GN Netcom – Key Financials

- EBITA more than doubled compared to Q1 2010

DKK million	Q1 2010	Q2 2010	Q3 2010	Q4 2010	FY 2010	Q1 2011
Revenue	446	495	452	580	1,973	476
Organic growth	9%	8%	3%	17%	9%	5%
Gross margin	52%	53%	55%	52%	53%	58%
SG&A, R&D etc.	(205)	(211)	(200)	(203)	(819)	(222)
EBITA	26	52	50	96	224	56
EBITA margin	5.8%	10.5%	11.1%	16.6%	11.4%	11.8%
Free cash flow excl. tax & financial items	59	82	45	47	233	44

- Organic growth driven by a healthy 15% growth in CC&O Headsets
- Growth was negatively impacted by a weak market for Mobile Headsets in North America
- Gross margins increased 6%-points compared to Q1 2010 reflecting margin improvements for CC&O Headsets and a more attractive revenue mix



Outlook for 2011

Revenue

GN Netcom: more than 10% organic growth

GN ReSound: more than 6% organic growth

GN Store Nord: more than 7% organic growth

EBITA (DKK/USD 5.5)

GN Netcom DKK 275-325 million

GN ReSound DKK 425-475 million

Other DKK (30) million

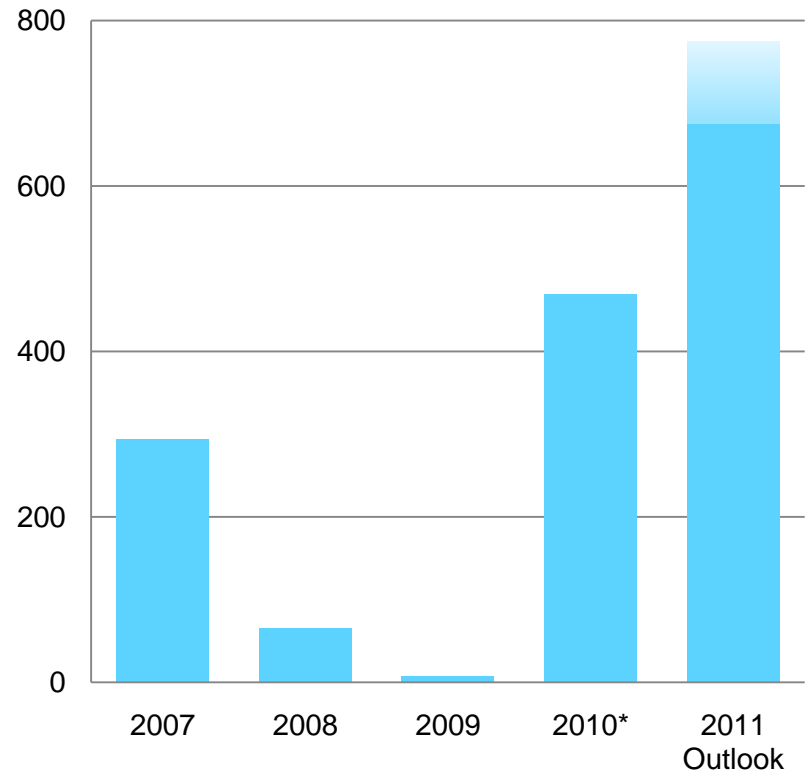
GN Total DKK 675-775 million

Amortization, finance etc. DKK (50)-(75) million

- The guidance is based on a DKK/USD of 5.5. If the current exchange rate levels remain throughout 2011, group EBITA will be negatively impacted
- The guidance on amortization, finance etc is changed from "around DKK (50) million" to "DKK (50)-(75) million" as GN has decided to swap the interest rate on the current debt from floating to fixed interest rate

DKK million

EBITA



* Excl. TPSA



Financial Targets – GN ReSound

2011 guidance:

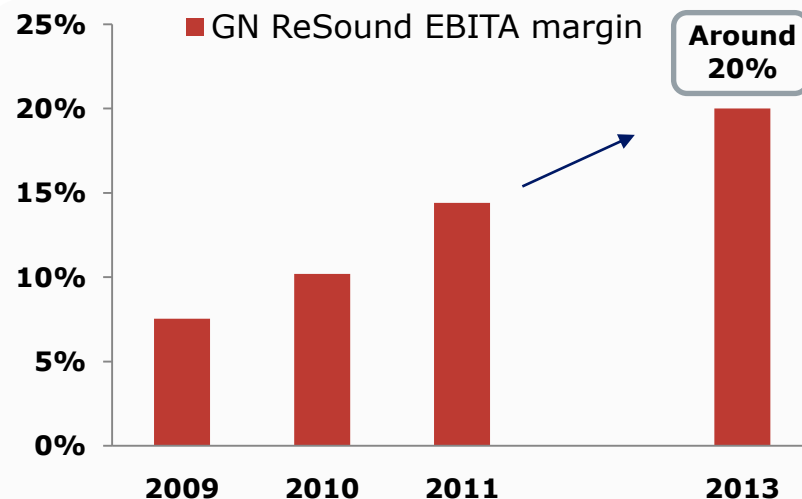
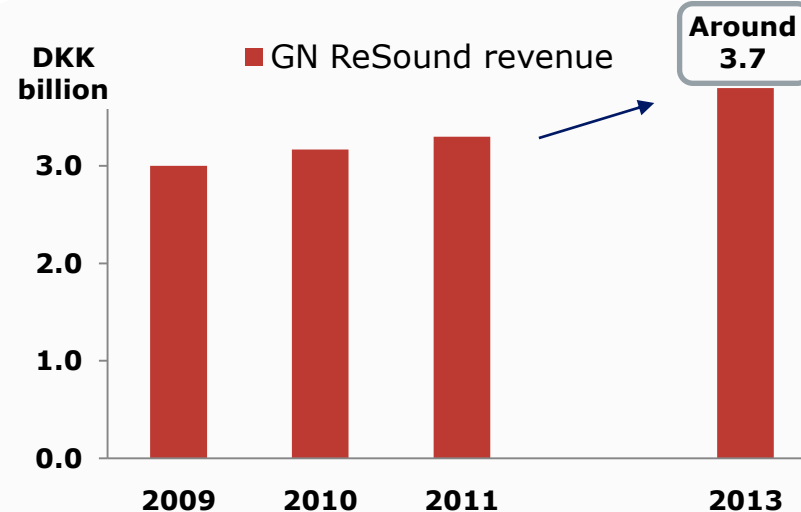
- More than 6% organic growth
- EBITA: DKK 425-475 million

2013 targets:

- Revenue: Around DKK 3.7 billion
- EBITA margin: Around 20%

Key assumptions:

- Revenue growth in line with or above the market
- Average value market growth of 3-5% per year
- Stronger presence in top-end segment.
- Supply chain transformation delivering up to DKK 200 million in cost reductions by end 2011
- High operational leverage – while investing in cutting-edge technology

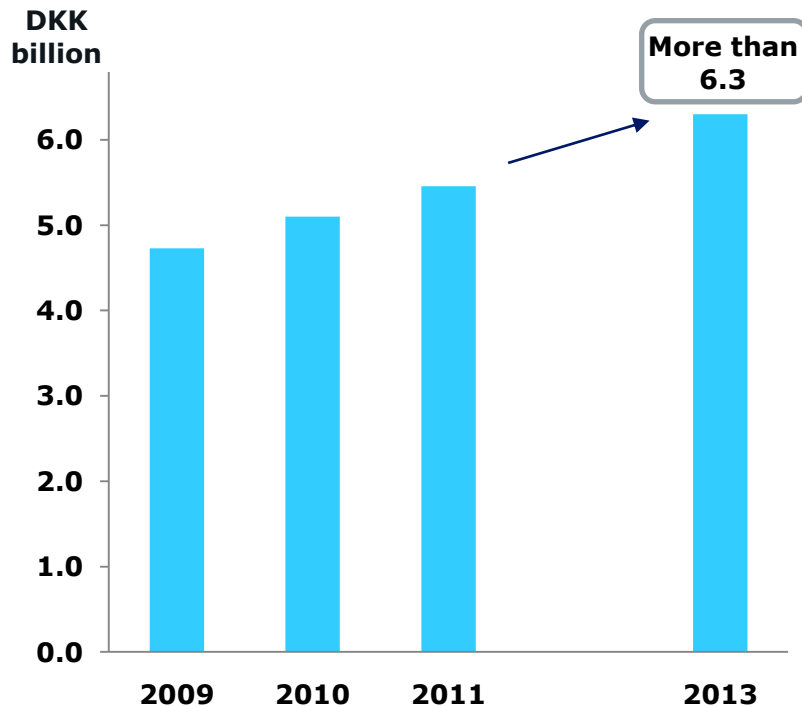




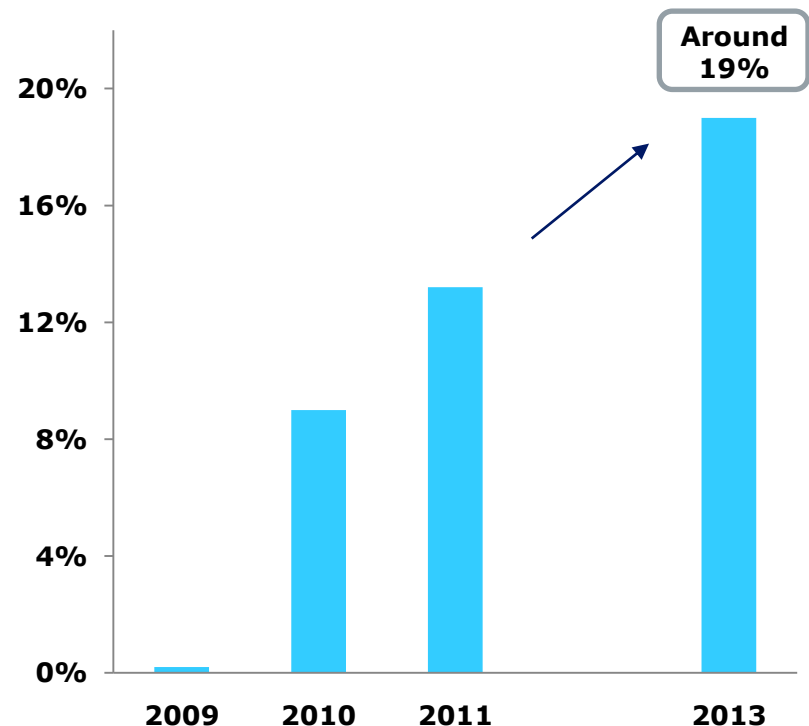
Financial Targets – GN Store Nord

DOUBLING EBITA MARGIN BY 2013

GN Store Nord revenue



GN Store Nord EBITA margin*



* Excl. TPSA



Safe Harbour Statement

The forward-looking statements in this presentation reflect management's current expectations of certain future events and financial results. Statements regarding the future are, of course, subject to risks and uncertainties which may result in material deviations from the outlook set forth. Furthermore, some of these expectations are based on assumptions regarding future events which may prove incorrect.

Factors that may cause actual results to deviate materially from expectations include – but are not limited to – general economic developments and developments in the financial markets, technological developments, changes and amendments to legislation and regulations governing GN's markets, changes in the demand for GN's products, competition, fluctuations in sub-contractor supplies and developments in ongoing litigation (including but not limited to class action and patent infringement litigation in the United States).

This presentation should not be considered an offer to sell or buy securities in GN Store Nord.



Q&A



Appendix



Update on Arbitration Case Against TPSA

Latest development

- TPSA's challenge of the Arbitrators' integrity was dismissed by the President of the Austrian Federal Economic Chamber on April 12, 2011
- The first hearing in the challenge proceedings filed by TPSA in Austria took place on March 30, 2011. The court ordered a further exchange of submissions and scheduled the final hearing for September 8, 2011
- The deadline for TPSA to respond to the claim for phase 2 which DPTG filed in January is set to May 27, 2011. On June 10, 2011 there will be a planning meeting discussing the upcoming steps in the arbitration
- In relation to DPTG's enforcement proceedings in Poland, DPTG is in the process of preparing the submission for the next hearing which will be conducted in Q3, 2011



Claim Against German Federal Cartel Office

Background

- On October 2, 2006, GN signed an agreement to sell GN ReSound to Sonova for a total consideration of DKK 15.5 billion in cash on a debt and cash free basis
- In April 2007, the German Federal Cartel Office decided to prohibit the transaction claiming that the transaction would allegedly result in collective market dominance in the German market
- On April 20, 2010 the German Federal Supreme Court acknowledged GN's appeal and overruled the prior decisions from the Oberlandesgericht in Düsseldorf and the Federal Cartel Office to prohibit the sale of GN ReSound to Sonova

Latest development

- On December 22, 2010, GN filed a claim of around DKK 8.2 billion at the District Court (Landesgericht) in Bonn, Germany
- The size of the claim is an estimate of the loss imposed on GN in connection with the German Federal Cartel Office's illegal prohibition of the sale of GN ReSound
- The defense brief from the Federal Cartel Office is due on June 21, 2011